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CARDIN, ENSIGN ANNOUNCE DETAILS OF FIRST-TIME HOME BUYERS TAX CREDIT

WASHINGTON – U.S. Senators **Benjamin L. Cardin** (D-MD) and **John Ensign** (R-NV) announced their bipartisan plan to help stimulate the housing market and provide balance to the housing provisions currently under consideration in the Senate. The ***Cardin/Ensign First-Time Homebuyers' Tax Credit Amendment (S. Amdt. 4421)*** would provide a non-refundable tax credit of \$7,000, payable over two years, to eligible first-time homebuyers who purchase a principal residence.

“We need to encourage prospective buyers to get off the sidelines and into the housing market. Families are reluctant to buy right now because they have real concerns that values may drop. If we can put some money on the table with a tax credit, it is more likely they will move forward with a purchase,” said **Senator Cardin**. “A tax credit to spur home ownership will help stimulate the economy in the sector that triggered our economic downturn. The economic ripple effect will be profound.”

“When it comes to the housing market, my home state of Nevada has been hit the hardest,” said **Senator Ensign**. “It is not only hurting families and homeowners but also risks dragging down our economy further. This bipartisan plan is a proven model that encourages homeownership while targeting the serious problem of excess inventory in the housing sector.”

“Whole communities are at risk and Congress must act. The Fed acted quickly to bail out Wall Street. We need to move quickly to protect Main Street. The *Foreclosure Prevention* bill (H.R. 3221) provides much needed help for current homeowners on the brink of foreclosure, with expanded funding for counseling, revenue bonding and block grants for refinancing, but it can be improved. Today, it's estimated that 40% of the housing market is comprised of first-time homebuyers. In Baltimore, that number has recently been 65-67%. We will never fully solve this crisis if we fail to encourage prospective buyers to jump into the market now rather than later.” **Senator Cardin** said.

The ***Cardin/Ensign First-Time Homebuyers' Tax Credit Amendment*** is timely, targeted, and temporary.

- \$7,000 payable over two years for eligible first-time homebuyers for a principal residence
- First-time home purchases must be completed within one year of the date of enactment.

- Eligibility for the credit would be phased out for single filers whose adjusted gross income (AGI) is between \$70,000 and \$90,000; for married couples filing a joint return, eligibility for the credit would be phased out if their AGI is between \$110,000 and \$130,000.

These phase-out levels are identical to the phase-out levels contained in a similar credit that was successful in the District of Columbia. Through the end of last year, DC's \$5,000 credit for first-time homebuyers helped 3,000 to 4,000 people each year become home owners. It boosted buyers' interest in neighborhoods where home ownership rates lagged.

According to the National Association of Realtors, first-time homebuyers nationwide had a median income of \$58,600 in 2006. For married couples, the median income was \$68,000; for single females, it was \$44,500; and for single males, it was \$51,900.

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